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In re the Continued Costing and Pricing Proceeding for Interconnection, Unbundled Network Elements, Transport and Termination, and Resale (Qwest)

DOCKET NO. UT-003013

ORDER MODIFYING PRIOR ORDER, IN PART

This Order modifies the Commission's final order in Part A of this proceeding by increasing Qwest Corporation's (Qwest) recovery of operations support systems (OSS) transition costs for unbundled network elements (UNE) in the state of Washington from $5.5 million to $8.6 million, and by approving Qwest's proposed entrance facilities, with conditions.

The parties may file a later complaint on the basis that, after a reasonable time from the date the Part A rates have been in effect, Qwest or Verizon are over-recovering revenues based on the HUNE (high frequency unbundled network element) rates allowed in the Commission's Part A Order. ¶ 11; *RCW 80.04.110*.

A telecommunications carrier may not use revenues from a non-competitive service (i.e. basic local exchange) to subsidize services subject to competition (i.e. xDSL). But whether or not cross subsidization occurs is irrelevant to the issue of whether a carrier is over-recovering revenue. ¶ 12; Section 254(k), Federal Telecommunications Act of 1996.

When one company presents reasonable cost information but a second company's cost information is not reasonable, the commission may use the cost information from the first company to set rates for the second company, if the cost information is reasonable and pertinent to the second company's experience. ¶ 27-29.

Until an ILEC demonstrates that its network is open, its forecasts for UNE demand are speculative and it is premature to presume that the actual volume of local service requests will not allow it to recover its costs. ¶ 32; Section 271 of the Act.

The Commission will not review rates for optional, competitive service offerings where the ILEC is not obliged to provide such offerings to CLECs. If CLECs view the rates charged for such services as excessive, they may resort to self-provisioning. ¶ 52

Where CLECs depend on ILECs for provisioning services, the Commission will scrutinize proposed rates without deference to an incumbent carrier's rate structure or multi-jurisdictional uniformity. Where CLECs possess fully developed market alternatives for provisioning network facilities there is greater flexibility for price-setting by ILECs. ¶ 64